
The Soy Export Weekly Update

Barge Movements Lagging Despite Strong Soybean Movements

The movement of grain by barge is lagging the pace given the level of corn harvest. But the movement of soybeans is doing its best to sustain barge volumes. For the week ending October 14, barge movements of soybeans were projected to total more than 375,000 tonnes, which would be 5 times greater than volumes last year for the same week while progressing along the historical path of the past 5-years. Soybean movements tend to peak in Mid-November.

Business Update: Food and Grain Company Offers Low Linolenic Contract

CHS Inc, a grains and foods company, is offering a special contract program to producers and elevators for low linolenic trait soybeans, according to a report from *The Public Ledger*. The company has offered this contract in the past, but now has expanded the offering to include varieties from both Monsanto and Pioneer Hi-Bred International.

CHS told *The Public Ledger* it is contracting for the low linolenic beans both through elevators and directly with growers in southern Minnesota and northern Iowa. The company will pay a 40 cents per bushel premium for the identity-preserved beans upon delivery to the CHS crushing plant in Fairmont, Minn.

Low linolenic beans typically contain less than 3% linolenic acid, compared to the 8% in traditional beans. The reduced acid level reduces the need for partial hydrogenation during the refining process, resulting in lower trans fat levels – an increasingly desirable food choice for consumers.

In other business news:

- Arkansas Soy Energy Group LLC has started initial work on what will become the state's third commercial-scale biodiesel plant. The 7 million gallon a year plant will be located near DeWitt, in southeast Arkansas. The project will include a grain-handling facility, soy crush plant and soymeal mill. Construction work on the facility's main buildings is expected to be completed by spring 2007, with start-up next autumn. Soyoil will be the feedstock.
- Bunge is teaming up with Memphis-based Biodiesel Investment Group to build Illinois' largest biodiesel plant. The two firms have created a joint venture, Biofuels Company of America LLC, which will build the 45 million gallon per year biodiesel plant adjacent to Bunge's soybean processing facility in Danville, Illinois. Construction is underway, with plans for the plant to be operational in the first quarter of 2008.

Farm Bill, TPA Key To WTO Talks

Decisions in the United States on the next farm bill and on trade promotion authority (TPA) are two key matters that will affect the potential for the Doha Round of WTO talks, according to WTO Director General Pascal Lamy. In remarks to members of the European Parliament,



Lamy said that those two U.S. decisions will be a key factor in whether or not the Doha Development Round moves forward or not.

Given that few negotiating positions have changed since the talks were suspended in July, Lamy noted, "The possibility that negotiations will fail is now being taken seriously by many countries." Lamy further expressed disappointment at the rise in bilateral trade deals in the wake of the suspension of Doha Round negotiations. Bilateral deals have become "the fashion" lately, Lamy stated. "They do not cover all trade and they achieve nothing as regards to discipline on farm subsidies, fisheries aid and anti-dumping issues – which are of huge importance to developing countries."

Lamy said that calls for a resumption of the talks by some countries, while welcome, "these political signals do not represent a change in negotiating positions, especially when they are addressed to others." As for calls that agriculture and development be removed from the Round, Lamy warned that would force the countries in the WTO to halt any current work and gather again to set a new negotiating mandate.

NOPA: September Crush Gets Boost Despite Lower Capacity

The National Oilseed Processors Association (NOPA) reports that member firms crushed 3.74 million tonnes of soybeans during September, compared to 3.66 million tonnes in August and 3.46 million tonnes during September 2005. The capacity of 4.35 million tonnes was down 145,000 tonnes from the previous month and 14,500 tonnes less than a year ago. There were 3,233,489 tonnes of soybean meal produced by NOPA member firms, compared to 3,170,777 tonnes last month and 3,000,819 tonnes last year. Soybean meal exports came out at 418,085 tonnes, 62,241 tonnes lower than a month ago but 135,216 tonnes higher than September 2005. Member firms produced 732,000 tonnes of soyoil, compared to 709,000 tonnes for August 2006 and 666,000 tonnes during September 2005. Soyoil stocks totaled 1.19 million tonnes, compared to 1.21 million tonnes the prior month and 623,000 tonnes last year.

Soy Complex Mostly Higher On Fund Buying And Corn/Wheat Spreads

The soy complex closed mostly higher on October 19 reflecting significant fund buying and the liquidation of corn/soy and wheat/soy spreads. Soybeans also were supported by strength in soyoil futures that were buoyed by world vegetable oil markets and higher energy prices. While harvest is making progress in the Western Corn Belt, progress has been delayed in the Eastern Corn Belt by wet conditions. Soybeans supplies are considered plentiful. Meanwhile, USDA has confirmed the discovery of Asian soybean rust in fields in Indiana and Tennessee. Also, another county in Illinois (Hardin) was confirmed as having the fungus. This follows earlier reports of fields in seven other Illinois counties (all in the southern part of the state) being infected with soybean rust. Meanwhile, Tennessee confirmed soybean rust in three counties in the northwestern part of the state near the Kentucky border. These are the first finds for Tennessee since 2004. Given that these finds are coming this late in the season and after most soybean fields are mature, there is not expected to be any yield-reducing impact from these rust finds. However, this will heighten scouting activities in 2007 in these areas. November bean futures closed up \$1.29, finishing at \$223.40; January was \$1.65 higher, closing at \$228.73; and March gained \$1.01 ending at \$231.02. December meal was down \$0.99, closing at \$196.98; January was \$0.99 lower, finishing at \$198.08; and March was down \$1.32 to finish at \$200.40. December oil closed \$13.23 higher to finish at \$585.10; January was up \$13.23, closing at \$592.82; and March increased \$11.02, ending at \$598.77.

U.S. & South America Soybean/Products Balance

	United States			Argentina			Brazil		
	Actual	Estimate	Proj.	Actual	Estimate	Proj.	Actual	Estimate	Proj.
	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07
Soybeans	<i>thousand tonnes</i>								
Carryin	3,059	6,960	12,214	2,434	514	379	3,400	1,440	640
Production	85,013	83,368	86,779	39,000	40,500	41,300	53,000	55,000	56,000
Imports	152	109	109	708	900	950	353	86	100
Crush	46,160	47,320	48,308	29,560	32,600	33,700	29,730	28,000	27,300
Exports	30,011	25,800	31,162	10,548	7,400	7,000	22,798	25,550	26,700
Other	5,093	5,103	4,520	1,520	1,535	1,536	2,785	2,336	2,024
Usage	81,264	78,223	83,990	41,628	41,535	42,236	55,313	55,886	56,024
Carryout	6,960	12,214	15,112	514	379	393	1,440	640	716
Soymeal	<i>thousand tonnes</i>								
Carryin	191	156	272	1,350	1,187	2,165	870	640	856
Production	36,936	37,342	38,360	23,347	26,101	26,548	22,928	21,874	21,435
Domestic use	30,446	30,255	30,935	537	573	602	9,162	9,556	9,511
Net Exports	6,525	6,971	7,425	22,973	24,550	25,800	13,996	12,102	12,220
Usage	36,971	37,226	38,360	23,510	25,123	26,402	23,158	21,658	21,731
Carryout	156	272	272	1,187	2,165	2,311	640	856	560
Soybean oil	<i>thousand tonnes</i>								
Carryin	488	771	1,374	660	542	712	293	248	450
Production	8,781	9,228	9,099	5,404	6,228	6,397	5,708	5,352	5,233
Domestic use	7,910	8,119	8,709	408	433	563	3,059	3,168	3,205
Net exports	588	506	542	5,114	5,625	5,950	2,694	1,982	2,180
Usage	8,498	8,625	9,251	5,522	6,058	6,513	5,753	5,150	5,385
Carryout	771	1,374	1,222	542	712	596	248	450	298

USDA Export Sales (tmt) - Week of 12 October 2006

Country	Commodity	New Sales	Accum. Exports	Country	Commodity	New Sales	Accum. Exports
China	Soybeans	388.3	940	Guatemala	Soymeal	19	16.5
Colombia	Soybeans	11.2	38.2	Guyana	Soymeal	2	2
Egypt	Soybeans	19	38.6	Honduras	Soymeal	5	0
France	Soybeans	60	0	Japan	Soymeal	1	6.1
Indonesia	Soybeans	40.5	132.8	Korea, Rep.	Soymeal	1.5	0
Israel	Soybeans	8	57.1	Malaysia	Soymeal	1	0.6
Japan	Soybeans	49.4	271.7	Morocco	Soymeal	14	30.3
Mexico	Soybeans	104.2	568.8	Philippines	Soymeal	9.4	5.8
Morocco	Soybeans	23	12.7	Saudi Arabia	Soymeal	17.3	17.3
Netherlands	Soybeans	3.3	201.7	Canada	Soyoil	1.2	1.8
Syria	Soybeans	14.5	73.5	Colombia	Soyoil	1.5	1.5
Taiwan	Soybeans	2.5	218.2	Saudi Arabia	Soyoil	3.2	0
Turkey	Soybeans	5.7	166.2				
UK	Soybeans	36	0				
Canada	Soymeal	24.1	54.8				
Colombia	Soymeal	20.2	7.2				
Cuba	Soymeal	14.8	0				
Dom. Rep.	Soymeal	10.5	0				
Egypt	Soymeal	8.4	8.4				

Export Sales Totals (tmt)			
Commodity	Outstanding Sales	Accum. Exports	New Sales
Soybeans	8,995.8	2,987.8	868.4
Soymeal	1,704.4	175.9	151.4
Soyoil	86.0	19.1	6.2

Thursday Spot and Futures Prices, 19 October 2006

<i>Item</i>	<i>Location</i>	<i>Nov</i>	<i>Jan</i>	<i>Mar</i>
Soybeans (\$/mt)	Central Ill./Chicago	223.40	228.73	231.02
	FOB Gulf (Basis)	246.18	253.35	254.54
	CIF Gulf Coast (Basis Chicago)	246.18	253.35	254.54
Board Crush Margin	\$/mt	28.32	25.22	25.71
		Dec	Jan	Mar
Soybean Meal 48%, HiPro (\$/mt)	Central Ill./Chicago	196.98	198.08	200.40
	FOB Gulf (Basis)	227.85	225.64	227.96
	West Coast (Basis)	250.99	250.99	253.31
Soybean Meal 44% (\$/mt)	Central Ill./Chicago	196.98	198.08	200.40
	FOB Gulf (Basis)	216.82	214.62	215.83
	West Coast (Basis)	239.97	239.97	242.29
Soybean Oil, Crude (\$/mt)	Central Ill./Chicago	585.10	592.82	598.77
	FOB Gulf (Basis)	585.10	592.82	598.77
		Beans	Meal	Oil
1 year ago prices	Chicago, \$/mt	214.95	189.49	528.66

